

PRESS RELEASE

Congressman John Conyers, Jr.

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FOR IMMEDIATE RELEASE:

January 29, 2002

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CONYERS INTRODUCES LEGISLATION TO RESPOND TO ENRON SECURITIES FRAUD

Congressman John Conyers, Jr. (D-MI), Ranking Member of the House Judiciary Committee, made the following statement upon his introduction of the "Securities Fraud Prevention Act of 2002," legislation designed to crack down on securities fraud in the Enron case:

"The last several months have revealed widespread securities fraud at the very highest level of Enron and its advisers. Every day brings a new revelation of the dissemination of misinformation, shredding, obstruction of justice, and insider trading. As more and more companies file for bankruptcy, I am concerned that we may well learn of additional instances of fraud across corporate America.

"One step we can take to respond to this outbreak is to empower harmed American investors to obtain justice in these cases. Unfortunately, one of the very first things the Republicans did when they took over Congress in 1995 as part of the now notorious "Contract with America" was to pass legislation making it more difficult for ordinary Americans to bring Racketeer Influenced and Corrupt Organizations (RICO) actions involving securities fraud. This legal loophole for securities fraud was enacted over President Clinton's veto as part of the Private Securities Litigation Reform Act (PSLRA) of 1995.

"The PSLRA ended the use of the private civil RICO statute as a means of seeking treble damages and attorneys fees in securities fraud cases, unless preceded by a criminal conviction. In essence, the Republican Congress wrote a special exemption preventing securities fraud cases from being brought under RICO.

"In the wake of the Enron debacle, I believe the time is now ripe to protect American investors once again. The Enron case has established beyond a shadow of a doubt that white collar fraud can be incredibly damaging, in many cases wiping away life savings and costing innocent Americans billions of dollars of their hard earned money. There can be no conceivable justification for shielding corporate wrongdoers from RICO actions in this context. I am hopeful that Congress can move quickly to enact this worthwhile and timely legislation."

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